DIRECTORS
W. N. REYNOLDS,
CHAIRMAN
BOWMAN GRAY,
PRESIDENT
JAS. A. GRAY,
VICE PRESIDENT
T. H. KIRK,
VICE PRESIDENT
S. CLAY WILLIAMS,
VICE PRESIDENT
M. E. MOTSINGER,
SECRETARY

R. J. Reynolds Tobacco Company.

DIRECTORS
R. E. LASATER,
GEN. MGR. DEPT. OF MANFG.
C. W. HARRIS,
MGR. SALES DEPT.
J. W. GLENN,
MGR. TURKISH LEAF DEPT.
R. C. HABERKERN,
PURCHASING AGENT
L. F. OWEN,
TRAFFIC MANAGER
R. D. SHORE,
TREASURER

WINSTON-SALEM, N. C.

January 14, 1931.

To the Stockholders of

R. J. REYNOLDS TOBACCO COMPANY:

The accompanying Financial Statement of your Company at December 31, 1930, is being sent to the largest number of stockholders in its history, the aggregate number being nearly three times that of two years ago. We welcome these new members into our business family and fully recognize the great value attending this widespread interest and participation in the progress of the Company.

The steady and consistent growth of your Company's business, without the acquisition of new capital, and its dividend record on common shares, during the past decade are presented in the following tabulation:

Year	Annual Earnings	Common Dividends Cash-Regular	Cash-Extra	Stock
1930	$34,256,664.	$30,000,000.	$	$
1929	32,210,521.	25,500,000.		
1928	30,172,563.	20,000,000.	6,000,000.	
1927	29,080,664.	20,000,000.	6,000,000.	20,000,000.
1926	26,249,403.	15,200,000.		
1925	25,221,579.	10,400,000.		
1924	23,777,716.	9,600,000.		
1923	23,039,876.	9,600,000.		
1922	20,479,234.	7,800,000.		20,000,000.
1921	16,258,322.	4,800,000.		

The statement of your Company, duly certified as usual, reflects its sound financial condition. All of its assets are conservatively valued, only the nominal sum of $1.00 being assigned to its well-known and enormously valuable Brands, Trade-Marks and Good Will notwithstanding the many millions of dollars spent in advertising and building its brands over a long period, our expenditures last year for advertising and sales promotion being greatly in excess of those of the previous year. The Company has no bank debt and no outstanding bonds or preferred stock, so that all of its earnings are applicable directly to the benefit of its common stockholders.

As noted in the statement, the Company holds shares of its own stock which are carried at a figure less than market price at December 31, 1930, and which represent employment of surplus cash at a far greater yield than could be obtained from any equivalent high-grade security. During the past year the Company sold a block of the shares previously acquired, and the profit from the sale was applied in reduction of the cost of the shares still held. No part of the earnings shown in the Treasurer's report for the year was derived from the sale of stock.

The Company's plants, manufacturing equipment and methods have been kept continuously developed to the most highly modern and efficient state not only with respect to CAMEL Cigarettes and PRINCE ALBERT Smoking Tobacco but also as to all of the many other brands and products which constitute such an important part of the Company's business.

Inventories of leaf tobacco and other materials are well balanced throughout and are owned at very advantageous figures. In accordance with the Company's long established policy, it is carrying only minimum stocks of manufactured products so that as usual shipments are made from perfectly fresh goods.

Respectfully yours,

Bowman Gray,

President.